

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation of the
Securities Act of Washington by:

NORTHWEST BEST DIRECT, INC., d/b/a
SPOKANE'S BEST BOOK, d/b/a BEST BOOK
PUBLICATIONS, VINCENT E. BOZZI, and
EMILY G. BOZZI,

Respondents.

SDO - 108 - 01

FINAL ORDER TO CEASE AND DESIST AND
REVOKE EXEMPTIONS

Case No. 01 - 10 - 421

THE STATE OF WASHINGTON TO:

Northwest Best Direct, Inc.
Vincent E. Bozzi, President
4024 E 13th Avenue
Spokane, WA 99202

Vincent E. Bozzi
Emily G. Bozzi
4024 E 13th Avenue
Spokane, WA 99202

On November 20, 2001, the Securities Administrator of the State of Washington issued a Summary Order to Cease and Desist, SDO - 095- 01, against the above-named Respondents. The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice") and an Application for Adjudicative Hearing ("Application") were served by personal service on Respondents on December 3, 2001. The Notice advised Respondents that they had twenty days from receipt in which to return the Application indicating their response to the Summary Order.

On December 7, 2001, the Securities Division received Respondents' Application. Respondents indicated that in lieu of an administrative hearing, they elected to submit a statement responding to the charges for consideration by the Director or Securities Administrator. The statement requested that the Division reconsider the conclusion of law set forth in the Summary Order and reduce any fines imposed.

Finding no grounds in Respondents' statement for vacation of the Summary Order, but finding support for minor factual changes and suspension of the fine, the Securities Administrator enters this Final Order.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

FINDINGS OF FACT

I. RESPONDENTS

1. Respondent Northwest Best Direct, Inc. ("NBD") is an active Washington for-profit corporation authorized to do business June 25, 1997. NBD is engaged in the business of publishing coupon books and magazines for public distribution in Spokane County. NBD operates under the registered trade name Spokane Best Book, and under an unregistered trade name of Best Book Publications. NBD maintains its principal place of business at 3016 E. Fifth Avenue, Spokane, Washington.

2. Respondent Vincent E. Bozzi ("Bozzi") is the President and Chief Executive Officer of NBD. Respondent Vincent E. Bozzi is married to Respondent Emily G. Bozzi, and all acts done by him were done on behalf of the marital community.

3. Respondent Emily G. Bozzi is the Secretary and Treasurer of NBD. Respondent Emily G. Bozzi is married to Respondent Vincent E. Bozzi, and all acts done by her were done on behalf of the marital community. The Bozzi's reside in Spokane, Washington.

II. NATURE OF RESPONDENTS' CONDUCT

4. On or about August 1, 2001, Bozzi placed an advertisement in the August/September 2001 issue of "Northwest Business & Technology" magazine. The advertisement stated, "For a limited time we are selling bonds at 15% interest to bring our magazines to the next level." In the advertisement, Bozzi encouraged people to replace low-interest CDs with his high-interest bonds. The advertisement claimed that the company had significant receivables and described the bonds as a secure investment. The advertisement requested that potential investors call or e-mail Bozzi with questions about the investment.

5. On or about October 12, 2001, a Washington resident ("the resident") contacted Bozzi by e-mail claiming he had \$10,000 to invest and asking for more information about the investment opportunity. On or about October 13, 2001, Bozzi responded by e-mail. In his response, Bozzi claimed that the bond

1 offering was directed to readers of his magazines, that there was no prospectus available, and that the bond
2 offering involved an opportunity for his readers to "earn more with us than they do with their low-yield
3 bonds and CDs." Bozzi claimed that he had placed the advertisement in his magazine because the firm
4 was looking to expand. He described a pending sale of 49% of the coupon book business, but said that
5 transaction could be some time in the future. Bozzi offered to pay 15% annual interest on the resident's
6 \$10,000 investment, and make either interest-only payments plus a balloon at the end of two years, or
7 amortize the investment and make principal and interest payments for two years. Bozzi offered to secure
8 the investment with a promissory note "holding our company and myself personally liable."

9 6. On or about October 16, 2001, the resident sent another e-mail to Respondents, indicating that he
10 was interested in the amortized payment plan, and requesting a copy of the company's business plan. On
11 or about October 21, 2001, Bozzi responded by e-mail. Bozzi included as an attachment to the e-mail a
12 copy of a letter allegedly sent to prospective investors providing background information about NBD and
13 Bozzi's plans for the future of the company.

14 7. The attachment, an undated four-page letter addressed to "Dear Friend," describes an investment
15 opportunity offered by Respondents "Vince and Emily Bozzi" in Best Book Publications. Respondents
16 offer shares of stock in the business, and claim that money invested with the company could "double or
17 even triple in just a few short years." Respondents offer a guaranteed buy-back, describe the stock
18 offering as "very low-risk," and claim that "in the long-term the investment could increase by ten times or
19 even more." Respondents claim that the time frame for investing is limited, that the company may close
20 the offering at any time, that the offering would not be made to the general public, and that "[a]fter the
21 first few investors come aboard we may seal the opportunity, never to open it again."

22 8. On or about October 26, 2001, the resident telephoned Respondent Bozzi to inquire about the
23 information Bozzi had promised to send. Bozzi stated that he had sent the information, that the
24

1 investment was going to be in the form of a loan, rather than a bond, and that Bozzi would sign a
2 promissory note paying 15% annual return for 24 months.

3 9. On or about October 30, 2001, the resident received more offering documents from Respondents.
4 Included were three issues of "Spokane Home and Life" magazine, a publication of NBD, a copy of the
5 undated "Dear Friend" letter, and a business card from Respondent Bozzi. The resident called Bozzi and
6 asked for a copy of the proposed Promissory Note, a list of references, a list of investors, and financial
7 statements for NBD. Bozzi agreed to send some of the information by e-mail. Later that day, Bozzi sent
8 e-mail to the resident including as attachments a promissory note and a list of references.

9 10. The promissory note, issued in the name of Best Book Publications/Vince Bozzi as Makers,
10 promised to pay the resident 15% annual interest for 24 months on the resident's \$10,000 loan.

11 11. Respondents' offering documents do not disclose the following information: the risks associated
12 with the offering; the identity of significant customers, if any; the basis for claims concerning the security
13 of the investment, projected growth of the firm, or projected future value of the securities; legal
14 proceedings; descriptions of the various securities offered; financial statements; description of the specific
15 use of proceeds; or description of how the stock offering price was established.

16 12. Respondents are not currently registered to offer or sell securities in the State of Washington, and
17 have not previously been so registered.

18 13. The bonds and promissory notes offered by Respondents are not currently registered in the State of
19 Washington, and have not previously been so registered.

20 14. The Securities Administrator finds that the continued offering of bonds and promissory notes by
21 Respondents in the manner described above, and the continued availability of exemptions to Respondents,
22 presents a threat to the investing public.
23

1 Based upon the above Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale of bonds and promissory notes by Respondents constitutes the offer and/or
4 sale of securities as defined in RCW 21.20.005(10) and (12).

5 2. Respondents have each violated RCW 21.20.140, the securities registration provision of the
6 Securities Act of Washington, by offering and/or selling said securities while no registration was on file with
7 the Securities Division.

8 3. Respondents have each violated RCW 21.20.040, the broker-dealer and securities salesperson
9 registration provision of the Securities Act of Washington, by offering and/or selling said securities while
10 not registered as broker-dealers or securities salespersons in the state of Washington.

11 4. Respondents have each violated RCW 21.20.010 in connection with the offer and/or sale of said
12 securities because the representations made regarding the potential return, security, and liquidity of the
13 securities were made with no reasonable basis in fact. Respondents also omitted to state material facts
14 necessary in order to make the statements made in the offering, in light of the circumstances under which
15 they were made, not misleading.
16

17 **ORDER**

18 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that
19 Respondents Northwest Best Direct, Inc., d/b/a Spokane Best Book, d/b/a Best Book Publications, Vincent
20 E. Bozzi, and Emily G. Bozzi, their officers, directors, employees, partners, agents, affiliates, subsidiaries,
21 predecessors, and successors, shall each cease and desist from offering and/or selling securities in any
22 manner in violation of RCW 21.20.140, the securities registration provision of the Securities Act of
23 Washington.
24

1 It is further SUMMARILY ORDERED that Respondents, their officers, directors, employees,
2 partners, agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from
3 violation of RCW 21.20.040, the broker-dealer and securities salesperson registration provision of the
4 Securities Act of Washington.

5 It is further SUMMARILY ORDERED that Respondents, their officers, directors, employees,
6 partners, agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from
7 violation of RCW 21.20.010, the anti-fraud provision of the Securities Act of Washington.

8 It is further SUMMARILY ORDERED that based upon the foregoing, the exemptions available to
9 Respondents under RCW 21.20.320(1), (9), (11), and (17) are hereby withdrawn for five (5) years from the
10 date of entry of this Order.

11 Based upon the foregoing Findings of Fact and Conclusions of Law, and specifically upon the offer
12 and/or sale by Respondents of unregistered securities to at least one Washington resident, by unregistered
13 broker-dealers and/or salespersons, and the misrepresentations contained in those offers and/or sales, the
14 Securities Administrator finds that Respondents have committed four or more knowing or reckless
15 violations of the Securities Act such that the imposition of fines is warranted pursuant to RCW 21.20.395.
16 Respondents shall be jointly and severally liable for and pay a fine in the amount of Twenty Thousand
17 Dollars (\$20,000), with the entire amount suspended based on compliance with this Order. In the event of a
18 violation of this Order, the Securities Division will seek enforcement of the Order and imposition of the
19 suspended fine pursuant to RCW 21.21.390.
20
21
22
23
24
25

AUTHORITY AND PROCEDURE

This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.325, and is subject to the provisions of Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this 19th day of December, 2001.



Deborah R. Bortner
Securities Administrator

Approved by:

Presented by:

Michael E. Stevenson
Chief of Enforcement

Anthony W. Carter
Securities Examiner